

~~SECRET~~

9 October 1987

MEMORANDUM FOR: Distribution

SUBJECT: Inter-Agency Meeting

TYPE OF MEETING	Economic Policy Council
DATE	Tuesday, 13 October 1987
TIME	1100
PLACE	Roosevelt Room
CHAired BY	Baker
ATTENDEE(S) (probable)	NIO/Econ
SUBJECT/AGENDA	Brazil Informatics
	Report of Working Group on Semi-Conductors
PAPERS EXPECTED	Agenda by noon today
INFO RECEIVED	Per NSC, 1730 (8Oct)

DISTRIBUTION:

DCI
DDCI
ExDir
DDO
DDI
Ch/NIC
D/Exec Staff
ES
SDO/CPAS
ER

gm

25X1

Deane Hoffmann~~SECRET~~

CONFIDENTIAL

ER 3388X/1 87

15 October 1987

MEMORANDUM FOR THE RECORD

SUBJECT: EPC Meeting, 13 October, on Brazil Informatics, Funding for SEMATECH, and Alaskan Gas

1. Secretary Baker asked that consideration of trade sanctions against Brazil be postponed pending negotiations on debt. The EPC agreed without dissent. My belief is this will be only a short postponement (perhaps two weeks).

2. The EPC agreed not to fund SEMATECH, pointing out the substantial funding already supplied through DoD. Baker asked DoD to consider funding projects that would have more spinoff for the private sector. Deputy Secretary Taft agreed.

3. There was substantial dispute prior to the EPC meeting over whether the dollar's decline had restored the competitive balance between producers of semiconductors in the United States and Japan. Treasury, CEA, OMB, and Justice believe that the decline has reversed the past trend and should produce an increase in global market share for US producers. This seems unlikely to me. I will ask OGI and OEA for their analysis of the situation.

4. The Alaskan gas issue involved a presidential finding that the private sector could build a pipeline across Alaska to export gas to the Far East. Some analysts maintain that such a finding would prevent construction of the trans Canada pipeline. (Neither venture is feasible at current energy prices.) Oddly, State and NSC argued that the Canadians would not be upset by a decision to allow such gas exports. Baker was concerned that a decision now might derail the free trade agreement and asked that a draft finding be sent to our Ambassador to get a better reading on possible Canadian reaction. I share Baker's concerns.



Deane H. Hoffmann

cc: D/DCI-DDCI Exec Staff *ghm*
NIO/EUR
NIO/LA
D/ALA
D/EURA
D/OGI

20 OCT 1987

CONFIDENTIAL

CL BY SIGNER
DECL OADR

